

CITY OF SCRANTON
OSAGE COUNTY, KANSAS
INDEPENDENT AUDITORS' REPORT AND
STATUTORY BASIS FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

ALDRICH AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
COUNCIL GROVE, KANSAS 66846

City of Scranton
Osage County, Kansas

STATUTORY BASIS FINANCIAL STATEMENTS
Year Ended December 31, 2009

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ALDRICH & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

315 WEST MAIN
COUNCIL GROVE, KS 66846

620-767-6653
1-800-361-6545
FAX 620-767-8149

Independent Auditors' Report

Mayor and City Council
208 S. Brownie Avenue
Scranton, Kansas 66537

Members of the Governing Body

We have audited the accompanying financial statements of the City of Scranton, Kansas, as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of City of Scranton, Kansas, management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the City's 2008 financial statements and, in our report dated July 1, 2009, we expressed an unqualified opinion on the respective financial statements, taken as a whole, on the statutory basis of accounting.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the City of Scranton, Kansas, prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of differences between Kansas statutory basis and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Scranton, Kansas, as of December 31, 2009, or the changes in its financial position for the year ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the City of Scranton, Kansas, as of December 31, 2009, and its cash receipts and expenditures and budget to actual comparisons, for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion of the financial statements taken as a whole. The accompanying financial information listed as Schedule 1 – Insurance Coverage is presented for purposes of additional analysis and is not a required part of the statutory basis financial statements of the City of Scranton, Kansas. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Aldrich & Company, LLC

ALDRICH AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

August 6, 2010

The City of Scranton
Osage County, Kansas

STATEMENT 1

Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended December 31, 2009

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:						
General	\$ 128,420	\$ 220,102	\$ 269,879	\$ 78,643	\$ 13,622	\$ 92,265
Special Revenue						
Special parks	8,141	3,664	0	11,805	0	11,805
Special development	59,146	0	0	59,146	0	59,146
Special highway	29,694	17,200	6,111	40,783	0	40,783
Drug forfeiture	1,263	0	0	1,263	0	1,263
Special fire	275	110	0	385	0	385
Equipment reserve	22,060	0	0	22,060	0	22,060
Capital improvements	52,048	0	0	52,048	0	52,048
Proprietary Type Funds						
Water utility	105,135	129,071	161,384	72,822	7,509	80,331
Electric utility	276,557	513,159	385,044	404,672	30,127	434,799
Sewer utility	128,299	90,584	88,984	129,899	1,869	131,768
Refuse	6,321	52,706	58,018	1,009	4,573	5,582
Total Reporting Entity	<u>\$ 817,359</u>	<u>\$ 1,026,596</u>	<u>\$ 969,420</u>	<u>\$ 874,535</u>	<u>\$ 57,700</u>	<u>\$ 932,235</u>

Composition of Cash:

Petty Cash	\$ 200
Regular checking	214,914
Certificates of deposit	713,404
Law trust	1,262
Grant account	2,455
	<u>\$ 932,235</u>

The notes to the financial statements are an integral part of this statement.

The City of Scranton
Osage County, Kansas

STATEMENT 2

Summary of Expenditures - Actual and Budget
For the Year Ended December 31, 2009

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
Governmental Type Funds:					
General	\$ 314,128		\$ 314,128	\$ 269,879	\$ 44,249
Special Revenue					
Special parks	4,014		4,014	0	4,014
Special development	59,146		59,146	0	59,146
Special highway	20,840		20,840	6,111	14,729
Drug forfeiture	1,143		1,143	0	1,143
Special fire	0		0	0	0
Proprietary Type Funds					
Water utility	151,564		151,564	161,384	(9,820)
Electric utility	468,237		468,237	385,044	83,193
Sewer utility	114,468		114,468	88,984	25,484
Refuse	47,865		47,865	58,018	(10,153)

The notes to the financial statements are an integral part of this statement.

The City of Scranton
Osage County, Kansas

Statement 3-1

GENERAL FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes				
Osage Co	\$ 118,757	\$ 128,691	\$ 129,705	\$ (1,014)
Sales tax	29,924	29,199	29,000	199
Franchise taxes	9,975	9,386	8,750	636
Total Taxes	<u>158,656</u>	<u>167,276</u>	<u>167,455</u>	<u>(179)</u>
Intergovernmental				
Local alcoholic liquor	3,985	3,664	4,014	(350)
LAVTR	0	0	0	0
Revenue sharing	0	0	0	0
Total Intergovernmental	<u>3,985</u>	<u>3,664</u>	<u>4,014</u>	<u>(350)</u>
Licenses and Permits				
Licenses, Permits, and Fees	<u>1,821</u>	<u>929</u>	<u>2,000</u>	<u>(1,071)</u>
Use of Money and Property				
Interest on deposits	<u>30,096</u>	<u>20,600</u>	<u>15,500</u>	<u>5,100</u>
Miscellaneous Revenue				
FEMA/State	0	0	0	0
Fire loan	0	0	0	0
Fire grant	46,595	0	0	0
Court	4,903	21,416	3,000	18,416
Other	13,046	6,217	2,000	4,217
Total Miscellaneous	<u>64,544</u>	<u>27,633</u>	<u>5,000</u>	<u>22,633</u>
Operating Transfers				
Water utility	0	0	0	0
Sewer utility	26,800	0	35,000	(35,000)
Electric utility	2,573	0	40,000	(40,000)
Total Transfers	<u>29,373</u>	<u>0</u>	<u>75,000</u>	<u>(75,000)</u>
Total Cash Receipts	<u>\$ 288,475</u>	<u>\$ 220,102</u>	<u>\$ 268,969</u>	<u>\$ (48,867)</u>

The notes to the financial statements are an integral part of this statement.

The City of Scranton
Osage County, Kansas

Statement 3-1

GENERAL FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
	Actual	Actual	Budget	
Expenditures				
General administrative				
Personal	\$ 16,182	\$ 17,092	\$ 27,600	\$ 10,508
Contractual	10,634	12,086	12,675	589
Commodities	2,311	3,027	15,215	12,188
Capital outlay	0	7,448	5,000	(2,448)
Total General administrative	29,127	39,653	60,490	20,837
Street Department				
Personal	18,649	20,907	24,484	3,577
Contractual	12,608	6,752	12,525	5,773
Commodities	55,953	40,240	59,590	19,350
Total Street Department	87,210	67,899	96,599	28,700
Fire Department				
Personal	733	1,291	730	(561)
Contractual	5,327	7,441	3,860	(3,581)
Commodities	1,821	7,386	8,630	1,244
Capital outlay	0	0	2,635	2,635
Fire grant expense	47,795	0	0	0
Fire loan repayment	3,718	0	3,718	3,718
Total Fire Department	59,394	16,118	19,573	3,455
Parks Department				
Personal	736	1,484	1,903	419
Contractual	8,175	8,042	10,000	1,958
Saturday in the Park	6,330	3,000	3,000	0
Commodities	1,325	3,139	3,860	721
Capital outlay	355	6,800	5,000	(1,800)
Total Parks Department	16,921	22,465	23,763	1,298
Law Enforcement				
Personal	37,848	69,452	72,312	2,860
Contractual	14,567	17,720	12,600	(5,120)
Commodities	13,059	14,247	9,450	(4,797)
Capital outlay	0	7,145	7,145	0
Total Law Enforcement	65,474	108,564	101,507	(7,057)
Court				
Personal	4,193	4,116	5,261	1,145
Contractual	5,684	8,855	4,965	(3,890)
Commodities	325	907	1,655	748
Total Court	10,202	13,878	11,881	(1,997)
Emergency preparedness				
Contractual	6,364	1,302	315	(987)
Total Emergency preparedness	6,364	1,302	315	(987)
Transfers				
Transfer to equipment reserve	0	0	0	0
Total transfers	0	0	0	0

The notes to the financial statements are an integral part of this statement.

The City of Scranton
Osage County, Kansas

Statement 3-1

GENERAL FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Total Cash Receipts				
Carried Forward	\$ 288,475	\$ 220,102	\$ 268,969	\$ (48,867)
Total Expenditures				
Carried Forward	<u>274,692</u>	<u>269,879</u>	<u>314,128</u>	<u>44,249</u>
Receipts Over (Under) Expenditures	13,783	(49,777)	<u>\$ (45,159)</u>	<u>\$ (4,618)</u>
Unencumbered Cash Balance, January 1	<u>114,637</u>	<u>128,420</u>		
Unencumbered Cash Balance, December 31	<u>\$ 128,420</u>	<u>\$ 78,643</u>		

The notes to the financial statements are an integral part of this statement.

The City of Scranton
Osage County, Kansas

Statement 3-2b

SPECIAL REVENUE FUNDS
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

SPECIAL PARKS FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
State of Kansas	\$ 3,986	\$ 3,664	\$ 4,014	\$ (350)
Osage Co	0	0	0	0
Total Cash Receipts	3,986	3,664	4,014	(350)
Expenditures				
Park repair & maintenance	1,203	0	4,014	4,014
Receipts Over (Under) Expenditures	2,783	3,664	\$ 0	\$ 3,664
Unencumbered Cash Balance, January 1	5,358	8,141		
Unencumbered Cash Balance, December 31	\$ 8,141	\$ 11,805		

The notes to the financial statements are an integral part of this statement.

The City of Scranton
Osage County, Kansas

Statement 3-2c

SPECIAL REVENUE FUNDS
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

SPECIAL DEVELOPMENT FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Interest	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures				
Business development	0	0	59,146	59,146
Receipt Over (Under) Expenditures	0	0	<u>\$ (59,146)</u>	<u>\$ 59,146</u>
Unencumbered Cash Balance, January 1	<u>59,146</u>	<u>59,146</u>		
Unencumbered Cash Balance, December 31	<u>\$ 59,146</u>	<u>\$ 59,146</u>		

The notes to the financial statements are an integral part of this statement.

The City of Scranton
Osage County, Kansas

Statement 3-2d

SPECIAL REVENUE FUNDS
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

SPECIAL HIGHWAY FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
State payments	\$ 19,901	\$ 17,200	\$ 20,840	\$ (3,640)
Other	18	0	0	0
Total Cash Receipts	<u>19,919</u>	<u>17,200</u>	<u>20,840</u>	<u>(3,640)</u>
Expenditures				
Personal	3,643	65	0	(65)
Street repair and maintenance	<u>17,657</u>	<u>6,046</u>	<u>20,840</u>	<u>14,794</u>
Total Expenditures	<u>21,300</u>	<u>6,111</u>	<u>20,840</u>	<u>14,729</u>
Receipts Over (Under) Expenditures	(1,381)	11,089	<u>\$ 0</u>	<u>\$ 11,089</u>
Unencumbered Cash Balance, January 1	<u>31,075</u>	<u>29,694</u>		
Unencumbered Cash Balance, December 31	<u>\$ 29,694</u>	<u>\$ 40,783</u>		

The notes to the financial statements are an integral part of this statement.

The City of Scranton
Osage County, Kansas

Statement 3-2e

SPECIAL REVENUE FUNDS
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

DRUG FORFEITURE FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
	Actual	Actual	Budget	
Cash Receipts				
Drug forfeiture proceeds	\$ 120	\$ 0	\$ 0	\$ 0
Total Cash Receipts	<u>120</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Law enforcement expenditures	<u>711</u>	<u>0</u>	<u>1,143</u>	<u>1,143</u>
Total Expenditures	<u>711</u>	<u>0</u>	<u>1,143</u>	<u>1,143</u>
Receipts Over (Under) Expenditures	(591)	0	<u>\$ (1,143)</u>	<u>\$ 1,143</u>
Unencumbered Cash Balance, January 1	<u>1,854</u>	<u>1,263</u>		
Unencumbered Cash Balance, December 31	<u>\$ 1,263</u>	<u>\$ 1,263</u>		

The notes to the financial statements are an integral part of this statement.

The City of Scranton
Osage County, Kansas

Statement 3-2f

SPECIAL REVENUE FUNDS
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

SPECIAL FIRE

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Donations	\$ 100	\$ 110	\$ 0	\$ 110
Total Cash Receipts	<u>100</u>	<u>110</u>	<u>0</u>	<u>110</u>
Expenditures				
Fire expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	100	110	<u>\$ 0</u>	<u>\$ 110</u>
Unencumbered Cash Balance, January 1	<u>175</u>	<u>275</u>		
Unencumbered Cash Balance, December 31	<u>\$ 275</u>	<u>\$ 385</u>		

The notes to the financial statements are an integral part of this statement.

The City of Scranton
Osage County, Kansas

Statement 3-2g

SPECIAL REVENUE FUNDS
Statement of Cash Receipts and Expenditures
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

EQUIPMENT RESERVE

	<u>2008</u>	<u>2009</u>
Cash Receipts		
Transfers in	\$ 20,000	\$ 0
Interest	0	0
Other	<u>0</u>	<u>0</u>
Total Cash Receipts	<u>20,000</u>	<u>0</u>
 Expenditures		
Equipment purchases	<u>0</u>	<u>0</u>
 Receipts Over (Under) Expenditures	20,000	0
 Unencumbered Cash Balance, January 1	<u>2,060</u>	<u>22,060</u>
 Unencumbered Cash Balance, December 31	<u>\$ 22,060</u>	<u>\$ 22,060</u>

The notes to the financial statements are an integral part of this statement.

The City of Scranton
Osage County, Kansas

Statement 3-2h

SPECIAL REVENUE FUNDS
Statement of Cash Receipts and Expenditures
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

CAPITAL IMPROVEMENT

	2008	2009
Cash Receipts		
Transfer from general	\$ 0	\$ 0
Interest	0	0
Total Cash Receipts	0	0
Expenditures		
Capital improvements	0	0
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash Balance, January 1	52,048	52,048
Unencumbered Cash Balance, December 31	<u>\$ 52,048</u>	<u>\$ 52,048</u>

The notes to the financial statements are an integral part of this statement.

The City of Scranton
Osage County, Kansas

Statement 3-3a

PROPRIETARY FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

WATER UTILITY

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Sales to customers	\$ 131,683	\$ 126,221	\$ 139,000	\$ (12,779)
Interest income	265	17	0	17
Other receipts	5,241	2,833	4,000	(1,167)
Total Cash Receipts	<u>137,189</u>	<u>129,071</u>	<u>143,000</u>	<u>(13,929)</u>
Expenditures				
Personal services	29,650	32,001	29,239	(2,762)
Contractual services	22,858	33,158	25,000	(8,158)
Commodities	9,406	12,143	13,060	917
Water purchased & RWD note	62,826	67,580	65,315	(2,265)
Debt service	14,300	13,950	13,950	0
Other	2,694	2,552	5,000	2,448
Transfer to general fund	0	0	0	0
Total Expenditures	<u>141,734</u>	<u>161,384</u>	<u>151,564</u>	<u>(9,820)</u>
Receipts Over (Under) Expenditures	(4,545)	(32,313)	<u>\$ (8,564)</u>	<u>\$ (23,749)</u>
Unencumbered Cash Balance, January 1	<u>109,680</u>	<u>105,135</u>		
Unencumbered Cash Balance, December 31	<u>\$ 105,135</u>	<u>\$ 72,822</u>		

The notes to the financial statements are an integral part of this statement.

The City of Scranton
Osage County, Kansas

Statement 3-3b

PROPRIETARY FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

ELECTRIC UTILITY

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Sales to customers	\$ 460,866	\$ 468,357	\$ 452,000	\$ 16,357
Sales tax collected	8,652	8,362	0	8,362
Interest income	864	17	0	17
Deposit receipts	2,990	2,275	0	2,275
Other receipts	11,786	34,148	0	34,148
Total Cash Receipts	<u>485,158</u>	<u>513,159</u>	<u>452,000</u>	<u>61,159</u>
Expenditures				
Personal services	32,563	39,178	42,935	3,757
Contractual services	21,243	43,718	28,700	(15,018)
Commodities	33,988	13,772	63,877	50,105
Electricity purchased	320,497	274,798	267,000	(7,798)
Capital outlay	12,761	0	12,500	12,500
Sales tax paid	9,246	10,208	8,225	(1,983)
Miscellaneous	0	0	0	0
Deposit refunds	3,047	3,370	5,000	1,630
Transfers to other funds	22,573	0	40,000	40,000
Adjustment for budget credit	0	0	0	0
Total Expenditures	<u>455,918</u>	<u>385,044</u>	<u>468,237</u>	<u>83,193</u>
Receipts over (under) Expenditures	29,240	128,115	<u>\$ (16,237)</u>	<u>\$ 144,352</u>
Unencumbered Cash Balance, January 1	<u>247,317</u>	<u>276,557</u>		
Unencumbered Cash Balance, December 31	<u>\$ 276,557</u>	<u>\$ 404,672</u>		

The notes to the financial statements are an integral part of this statement.

The City of Scranton
Osage County, Kansas

Statement 3-3c

PROPRIETARY FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

SEWER UTILITY

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Sales to customers	\$ 92,106	\$ 90,584	\$ 91,750	\$ (1,166)
Interest income	0	0	0	0
Other	38	0	0	0
Total Cash Receipts	<u>92,144</u>	<u>90,584</u>	<u>91,750</u>	<u>(1,166)</u>
Expenditures				
Personal services	23,497	27,488	26,968	(520)
Commodities	7,779	8,680	12,125	3,445
Contractual services	10,945	24,966	12,525	(12,441)
Debt repayments	27,850	27,850	27,850	0
Transfer to sewer reserve	0	0	0	0
Transfer to general	<u>26,800</u>	<u>0</u>	<u>35,000</u>	<u>35,000</u>
Total Expenditures	<u>96,871</u>	<u>88,984</u>	<u>114,468</u>	<u>25,484</u>
Receipts Over (Under) Expenditures	(4,727)	1,600	<u>\$ (22,718)</u>	<u>\$ 24,318</u>
Unencumbered Cash Balance, January 1	<u>133,026</u>	<u>128,299</u>		
Unencumbered Cash Balance, December 31	<u>\$ 128,299</u>	<u>\$ 129,899</u>		

The notes to the financial statements are an integral part of this statement.

The City of Scranton
Osage County, Kansas

Statement 3-3d

PROPRIETARY FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

REFUSE UTILITY

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Sales to customers	\$ 51,865	\$ 52,706	\$ 47,000	\$ 5,706
Expenditures				
Personal services	617	637	715	78
Commodities	76	138	0	(138)
Contractual Services	53,880	57,243	47,150	(10,093)
Total Expenditures	54,573	58,018	47,865	(10,153)
Receipts Over (Under) Expenditures	(2,708)	(5,312)	\$ (865)	\$ (4,447)
Unencumbered Cash Balance, January 1	9,029	6,321		
Unencumbered Cash Balance, December 31	\$ 6,321	\$ 1,009		

The notes to the financial statements are an integral part of this statement.

City of Scranton
Osage County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The more significant accounting policies are described below.

Financial Reporting Entity

The City of Scranton is a governmental entity and operates under a Mayor-Council form of Government. It provides the following services to its approximately 320 residents: public safety, streets, sanitation, electric, water, parks & recreation, and general administrative services.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The basic--but not the only--criterion for including a potential component unit within the reporting entity is financial accountability. The most significant manifestation of this criterion is financial dependence. Other manifestations of the criteria, include but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. Using this criterion, no component units were identified as part of the reporting entity of the City.

Fund Accounting

The accounts of the City are organized and operated on the basis of funds, which are used to record the City's financial transactions. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Cash and other financial resources are recorded together with all related expenditures. A fund is used to segregate specific activities and for the purpose of attaining certain objectives in accordance with special regulations, restrictions, or limitations including State Statutes and City Ordinances. The following types of funds comprise the financial activities of the City.

Governmental Funds:

General Fund - Fund used as the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Funds used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes.

Proprietary Funds:

Enterprise Funds - Funds used to account for operations (a) that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City of Scranton has four enterprise funds: Electric, Water, Sewer and Refuse.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is

City of Scranton
Osage County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Statutory Basis of Accounting (Cont)

recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The City has approved a resolution in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense; liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are recognized as a reservation of a fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the disbursements as reported do not present the cost of goods sold and services received during the year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the city are not presented in the financial statements. Also, long term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

NOTE 2 - BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. No such amendments were made.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are to be prepared using the statutory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payables and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment,

City of Scranton
Osage County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

NOTE 2 - BUDGETARY INFORMATION (CONT)

such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds and the following special revenue funds: Equipment Reserve and Capital Improvements

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Adjustments Qualifying for Budget Credits

Budget credits must be authorized by Kansas Statutes. Examples include expenditures of federal grant moneys, gifts, and donations, and receipts authorized by law to be spent as if they were reimbursed expenses. The adjustment for budget credits, when applicable, is presented in the financial statements which increase the legal budget amounts for the respective funds.

NOTE 3 - CASH AND DEPOSITS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires that banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no other policies that would further limit its investment choices.

Concentration of credit risk State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits Custodial credit risk is the risk that in event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2009.

The City maintains a cash pool that is available for use by all funds. At year-end the carrying amount of the city's deposits was \$932,235. The bank balance held by one bank was \$934,657, resulting in a concentration of credit risk. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$250,000 was covered by FDIC insurance and the remaining was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the city's name.

City of Scranton
Osage County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

NOTE 4 - PROPERTY TAXES

The city certifies its' budget to the county clerk annually. Using this certified budget and those of other political subdivisions within the county, the county clerk spreads the annual assessment onto the tax rolls and levies property tax on November 1 of each year. The property tax is payable in two installments. The first installment is due December 20 of the same year, and the second installment is due May 10 of the subsequent year. The county collects and distributes the property taxes. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the following year's operations.

NOTE 5 - LONG-TERM DEBT

Water System Revenue Bonds Series 1982-A

Water system revenue bonds series 1982-A are serial bonds to be retired in the year 2022. Principal and interest payments are paid annually from the revenues generated by the Water Utility. Interest is paid at an annual rate of 5%.

K.D.H.E. - Notes Payable

The City received a low interest loan from the Kansas Department of Health and Environment in 1994 for the purpose of matching a CDBG Grant for a Sewer Improvement Project. The interest rate is 3.51% with 40 semiannual payments. In 2004, the City amended the loan to receive an additional \$189,817 from the Kansas Department of Health and Environment for necessary upgrades to their sewer utility system. The loan carries an interest rate of 2.66% with 40 semiannual payments scheduled. The first payment was made in September 2005. Payments are made from the sewer fund.

Rural Water District No. 5 - Contract Payable

On February 19, 1982, the City entered into a 40 year contract with Rural Water District No. 5 of Osage County, Kansas, to purchase purified water. The District agreed to deliver pure water not to exceed 3,240,000 gallons per month with a minimum pressure of 20 p.s.i. In return, the City will pay \$400,000 for 40 years of rights, of which \$20,000 was paid down in 1981. Beginning in May of 1983, the balance was due in installments of \$1,900 per month for 37 years. Interest is paid at an annual rate of 5%. An estimate of the debt, based on the remaining scheduled payments, has been included on the Long Term Debt Schedule. Payments are made from the water fund.

Firemen's Relief Association- Notes Payable

In February of 2004, the City borrowed \$6,000 for the purchase of equipment. The note carries an annual interest rate of 4%. Five annual payments of \$1,348 were scheduled beginning February 3, 2006. The first payment was actually made in 2007. In December 2006, the City borrowed \$7,000 for the purchase of equipment. The note carries an annual interest rate of 4%. A payment of \$2,613.33 was made in January 2007 with two annual payments due on each following year of \$2,370.18. Payments are made from the general fund.

Police car lease

In November 2007, the City entered into a lease with GMAC for a police car. The amount financed was \$19,938.50. The lease carried an annual interest rate of 7.70%. The first payment of \$7,144.50 was made in November 2007. Two additional lease payments of \$7,144.50 are due annually thereafter. The final purchase option amount of \$1 was paid in 2009. Payments were made from the general fund.

Distributor lease

In August 2009, the City entered into a lease with First Bank for a distributor truck. The amount financed was \$34,500. The lease carries an annual interest rate of 4.26%. Ten payments of \$3,786 and a final \$1 payment are scheduled with the first payment being made September 2009. Payments were made from the special highway fund.

City of Scranton
Osage County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

NOTE 5 - LONG TERM DEBT (CONT)

Changes in long term liabilities for the City for the year ended December 31, 2009 are as follows:

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Payable January 1</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance Payable December 31</u>	<u>Interest Paid</u>
Revenue Bonds:										
Water Sys Bd Ser 1982-A	5.00%	12/17/1982	233,000	12/17/2022	\$ 139,000	\$ 0	\$ 7,000	\$ 0	\$ 132,000	\$ 6,950
KDHE loans										
KDHE - Sewer Imp	3.51%	5/27/1994	213,380	3/1/2015	84,513	0	11,791	0	72,722	2,864
KDHE - Sewer Imp	2.66%	9/1/2004	199,000	3/1/2024	156,963	0	8,690	0	148,273	4,505
Rural water										
Rural Water District #5	5.00%	2/19/1982	400,000	4/10/2020	196,137	0	13,138	0	182,999	9,662
Fireman's Relief Notes										
Fire Fighter's Relief	4.00%	2/3/2004	6,000	2/3/2009	1,296	0	0	0	1,296	0
Fire Fighter's Relief	4.00%	10/3/2006	7,000	1/1/2009	2,279	0	0	0	2,279	0
Capital lease										
First Bank	4.26%	8/24/2009	34,500	8/24/2014	0	34,500	3,786	0	30,714	0
GMAC	7.70%	11/2/2007	19,939	11/2/2009	<u>6,634</u>	<u>0</u>	<u>6,634</u>	<u>0</u>	<u>0</u>	<u>511</u>
Total contractual indebtedness					635,763	34,500	51,039	0	570,283	24,492
Compensated absences					<u>3,232</u>	<u>0</u>	<u>0</u>	<u>1,940</u>	<u>5,172</u>	<u>0</u>
Total long term debt					<u>\$ 638,995</u>	<u>\$ 34,500</u>	<u>\$ 51,039</u>	<u>\$ 1,940</u>	<u>\$ 575,455</u>	<u>\$ 24,492</u>

City of Scranton
Osage County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

NOTE 5 - LONG TERM DEBT (CONT)

Current maturities of long term debt and interest for the next five years and in five year increments through maturity are as follows:

	2010	2011	2012	2013	2014	2015-2019	2020-2024	2025-2029	Total
Principal									
Revenue Bonds:									
Water Sys Bd Ser 1982-A	7,000	8,000	8,000	8,000	9,000	51,000	41,000	0	132,000
KDHE - Sewer Imp	12,209	12,640	13,088	13,552	14,032	7,201	0	0	72,722
KDHE - Sewer Imp	8,945	9,207	9,477	9,754	10,040	54,794	46,056	0	148,273
Rural Water District #5	13,821	14,540	15,296	16,092	16,929	98,801	7,520	0	182,999
Fire Fighter's Relief	1,296	0	0	0	0	0	0	0	1,296
Fire Fighter's Relief	2,279	0	0	0	0	0	0	0	2,279
Capital lease	6,331	6,604	6,888	7,184	3,707	0	0	0	30,714
Total Principal	51,881	50,991	52,749	54,582	53,708	211,796	94,576	0	570,283
Interest									
Revenue Bonds:									
Water Sys Bd Ser 1982-A	6,600	6,250	5,850	5,450	5,050	18,150	4,350	0	51,700
KDHE - Sewer Imp	2,446	2,015	1,567	1,103	623	126	0	0	7,880
KDHE - Sewer Imp	4,250	3,988	3,718	3,441	3,155	11,180	2,835	0	32,567
Rural Water District #5	8,979	8,260	7,504	6,708	5,871	15,198	80	0	52,600
Fire Fighter's Relief	52	0	0	0	0	0	0	0	52
Fire Fighter's Relief	91	0	0	0	0	0	0	0	91
Capital lease	1,241	968	684	388	79	0	0	0	3,360
Total Interest	23,659	21,481	19,323	17,090	14,778	44,654	7,265	0	148,250
Total Principal and Interest	\$ 75,540	\$ 72,472	\$ 72,072	\$ 71,672	\$ 68,486	\$ 256,450	\$ 101,841	\$ 0	\$ 718,533

City of Scranton
Osage County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

NOTE 6 - COMPENSATED ABSENCES

The City of Scranton provides sick and vacation leave to its employees. Each full time employee is entitled to eight hours of sick leave per month of service and part-time employees working at least twenty hours per month earn four hours of sick leave per month. Maximum sick leave accumulation is 1040 hours. Upon separation of service, no amount is paid to the employee for unused sick leave. Full time employees with less than 5 years of service earn eight hours of vacation for each month of service. Employees with 5-10 years of service earn ten hours per month, 10-15 years of service earn 12 hours per month, and over 15 years of service earn 14 hours per month. Part time employees who work at least 20 hours per week earn 4 hours of vacation for each month of service. Maximum accumulations vary based on years of service, but no employee can accumulate more than 240 hours of vacation. Upon separation of service, employees are paid for unused vacation leave at their regular rate of pay.

NOTE 7 - DEFINED BENEFIT PENSION PLAN

Plan description The City of Scranton participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined pension benefit plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding policy K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve bases. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for calendar year 2009 ranged from 6.54% to 5.54%. The City of Scranton contributions to KPERS for the years ending December 31, 2009, 2008, and 2007, respectively, were \$4,452, \$5,386, and \$5,584, respectively, equal to the required contributions for each year.

NOTE 8 - COMPLIANCE WITH KANSAS STATUTES

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and legal representatives of the municipality.

Kansas Statutes

Expenditures for the water and refuse funds exceeded the budgeted limits K.S.A 79-2935. The City is aware of the requirement and will monitor in the future.

The required annual publication under K.S.A. 12-1608 was not made by the city treasurer. The City is aware of the requirement and will publish in the future as required by statutes.

Management is not aware of any other items of noncompliance with Kansas statutes

City of Scranton
Osage County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

NOTE 9 – COMPARATIVE DATA

The amounts shown for 2008 in the financial statements are included, where practicable, only to provide a basis for comparison with 2009, and are not intended to present all information necessary for a fair presentation in accordance with the cash basis and budget laws of the State of Kansas. Interfund eliminations have not been made in the aggregation of this data.

NOTE 10 – ESTIMATES

The preparation of financial statements in conformity with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ.

NOTE 11 – DEPOSITS

The City requires customers to provide a security deposit on all utility service of \$200 per service. Renters deposits are held until service is terminated. Owner's deposits are refunded after two years with consecutive timely payments or after ten years whichever is earlier. Deposit detail is maintained by customer. It is impracticable to recreate a total as of a specific date, and therefore, no amount is included on the long term debt schedule.

NOTE 12 – WATER SYSTEM AGREEMENT

The City's water system debt issue requires the city to charge rates sufficient to have a net operating profit of not less than 140% of the next succeeding year's principal and interest payment or \$19,040 for the year ended December 31, 2009. The city's cash receipts were \$32,313 less than its expenditures.

NOTE 13 – UTILITY SERVICE CO. AGREEMENT

The City entered into an annual water tower maintenance agreement with Utility Service Co. Inc. on July 20, 2007. The contract has an indefinite term and is cancelable at any time with a written notice 90 days prior to the first day of the upcoming contract year. The contract payment schedule is as follows: year 1-\$2,401; years 2, 3, and 4-\$19,201 per year and year 5 and subsequent years-\$7,354. In year 8 and each third anniversary thereafter, the annual fee may be adjusted up to 5% to reflect current cost of service. If the city cancels the contract prior making the fourth annual payment, they will be billed the balance for work completed.

NOTE 14 – KANSAS POWER POOL AGREEMENT

The City is a member to the Kansas Power Pool ("KPP"), a qualified Municipal Energy Agency for electrical service. KPP was created to provide generation, transmission, and pooling to meet the requirements of its members in the most efficient manner. The city is obligated to buy power from KPP at an agreed upon price. All members pay the same rate for purchases. These agreed upon prices can change with a majority vote of the membership. A two year notice is required for termination.

City of Scranton
Osage County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

NOTE 15 – RISK MANAGEMENT

The City is exposed to various risks of loss including risks related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The city carries commercial insurance for these risks of loss including property and liability insurance. There were no significant reductions in insurance coverage from coverage in place in prior years.

NOTE 16 – FEMA GRANT

The City received a FEMA Assistance to Firefighters Grant in 2008. The grant awarded for equipment was \$46,595 and required a city 5% match of \$2,455. The city expended \$47,795 in 2008. This resulted in a potential FEMA overpayment of \$1,190.

NOTE 17 – SEWER PROJECT

The City is planning a sewer upgrade project. The total estimated project cost is \$3,715,000. The City has been awarded a CDBG grant in the amount of \$500,000. In addition, USDA Rural Development is assisting with project costs with an estimated grant of \$795,000 and loan proceeds of \$2,420,000, which includes the payoff of the City's remaining sewer notes with the Kansas Department of Health and Environment (KDHE). To get the project underway, KDHE has amended their loan agreement with the city allowing additional funds of approximately \$380,000 to temporarily finance improvements.

City of Scranton
Osage County, Kansas

Schedule 1 – Insurance Coverage - Unaudited
December 31, 2009

Brier Payne Meade Insurance	Coverage	Co-Ins	Deductible
Blanket Property			
Water Tower	\$162,180	90%	\$1,000
Water Pumphouse - 6th and Burlingame	6,036	90%	1,000
6th and Burlingame Personal Property	8,374	90%	1,000
City Shop - Behind Fire Station	18,110	90%	1,000
City Shop Personal Property	14,338	90%	1,000
Fire Station Building - 220 Brownie	33,541	90%	1,000
Sewer Lift Pump - 1st and Carbon	34,479	90%	1,000
Sewer Lift Pump - 4th and Greenbryer	34,479	90%	1,000
Sports Complex Lights	9,322	90%	1,000
Lights & Poles	3,859	90%	1,000
Sports Complex Lights & Poles	15,324	90%	1,000
Community Center - 300 E. Boone	57,020	90%	1,000
City Office Building - 120 W. Boone	96,388	90%	1,000
City Office & Police Station Personal Property	57,352	90%	1,000
Sports Complex Concession Stand	31,617	90%	1,000
Sports Complex Concession Personal Property	5,735	90%	1,000
Sports Complex Fence-Boone & Mason	18,597	90%	1,000
Animal Shelter Fence	1,860	90%	1,000
Storm Shelter	22,050	90%	1,000
Storm Shelter	11,025	90%	1,000
Inland Marine			
Caterpillar Motor Grader	28,000	80%	500
Caterpillar 416B	47,541	80%	500
Chipper Shredder	2,000	80%	500
Broom	700	80%	500
John Deere Tractor	5,000	80%	500
Computer hardware & software	23,650	80%	500/1000
Fire equipment	92,480	80%	500
Police equipment	13,475	80%	500
General Liability			
Each Occurrence Limit	500,000		500
Damage to premises rent	100,000		500
Medical Expense Limit	5,000		500
Personal and Advertising Injury Limit	500,000		500
General Aggregate Limit	1,000,000		500
Products/Completed Operations Aggregate Limit	1,000,000		500
Workers' Compensation and Employers' Liability			
Bodily Injury by Accident - each accident	500,000		
Bodily Injury by Disease - each employee	500,000		
Bodily Injury by Disease - policy limit	500,000		

This schedule is intended only as a descriptive summary.

See accompanying auditors' report.

City of Scranton
Osage County, Kansas

Schedule 1 – Insurance Coverage - Unaudited
December 31, 2009

Brier Payne Meade Insurance	Coverage	Deductible
Commercial Auto		
Liability	\$ 500,000	
Uninsured / Underinsured Motorists	500,000	
Covered Vehicles with Comprehensive and Collision also	comp collision	500 1,000
1972 Chevy 2T Fire Truck		
1995 3/4T Pickup		
1982 Intl Truck		
1990 Chevrolet Truck		
1995 Ford Ambulance		
2000 Ford Crown Victoria		
1993 Sewer Machine Truck		
1997 Chevy S-10		
2000 Mercury Sable		
1993 F700 Bucket Truck		
1993 Ford F350		
1993 Chevy Kodiak Dump Truck		
2008 Chevy Impala		
1997 Ford		
Linebacker		
Municipality Errors & Omissions		
Limit each loss	1,000,000	1,000
Limit aggregate	1,000,000	
EMC Insurance		
#S2 1 13 92		
Effective February 28, 2003 for an indefinite term		
Fidelity Bond on City Clerk	37,000	
Fidelity Bond on City Treasurer	10,000	

This schedule is intended only as a descriptive summary.

See accompanying auditors' report.